

OUTCOME
GOAL 2.3 –
PROVIDE
WORKER
RETRAINING

Overview

The Nation's unemployment rate for January 2000 stands at four percent, its lowest level in 30 years. Even with a robust economy creating more than 20 million jobs since 1993 and real wage growth occurring at its fastest rate in more than two decades, there are still high rates of displacement. Worker dislocations – including those stemming from plant closures, corporate restructuring, and foreign trade – continue to occur, and are estimated at 3.3 million annually.

While many recently displaced workers are finding new jobs quickly due to transferrable job skills and the strong economy, more than 60 percent are unemployed for ten weeks or longer and need reemployment assistance. These dislocated workers must be retrained for jobs with long-term potential, while also overcoming such barriers as low skills levels and English language deficits, which must be addressed in order for them to re-enter the labor force.

Serving the Public

Within the Department, the Employment and Training Administration (ETA) provides worker retraining through various programs, including Job Training Partnership Act (JTPA) Title III (Dislocated Worker Assistance), Trade Adjustment Assistance (TAA) and North American Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA). These programs provide occupational, on-the-job and remedial training, job search assistance, relocation assistance, and income support for workers in training in an effort to maximize placement and wage replacement. The Department is also working to see that employers' needs for skilled labor are more directly integrated into local workforce development system operations.

DOL Challenges for the Future

The primary goal of the President's five-year Universal Reemployment Initiative is to provide dislocated workers who need and want employment and training assistance with access to the resources necessary to become reemployed and earn wages comparable to their previous jobs. The current dislocated worker program serves only a portion of those who lose their jobs and need additional assistance to obtain employment.

Strong economic conditions offer the optimum conditions for improving efforts to help displaced workers. Based on research and experience, there are several core principles to successful reemployment. These are:

- Prevention, where possible;
- Early intervention;
- Effective service provision; and
- Outreach and partnerships.

The DOL vision is that workers, employers, and communities will have the tools and services they need to plan for and manage worker dislocation successfully in a dynamic economy. Easy and universal access to these tools and services will ease workers' anxiety about job changes and help them quickly find new jobs with wages and benefits that match their previous employment.

JOBS FOR DISLOCATED WORKERS

Goal 2.3A: Under JTPA Title III for dislocated workers, 74 percent of program terminees will be employed at an average wage replacement rate of 93 percent at termination (compared to their wage at dislocation); 76 percent will be employed one quarter after program exit at an average wage replacement rate of 97 percent.

Results: DOL met and in a number of respects exceeded the goals targeted. Based on data for Program Year 1998, 73 percent of program terminees were employed at an average wage replacement rate of 99 percent at termination, and 76 percent were employed one quarter after program exit at an average wage replacement rate of 102 percent.

Program Description: Though the unemployment rate is currently low, worker dislocations continue to occur, and are estimated at 3.3 million annually. The dislocated worker program seeks to maximize placement and wage replacement through community adjustment and retraining.

Analysis of Results: The trend for these performance measures has been positive for several years. Increases in appropriations for the program have allowed more participants to be served and a wider range of services to be offered. A good economic climate has helped many dislocated workers find jobs more quickly after receiving services and/or training.

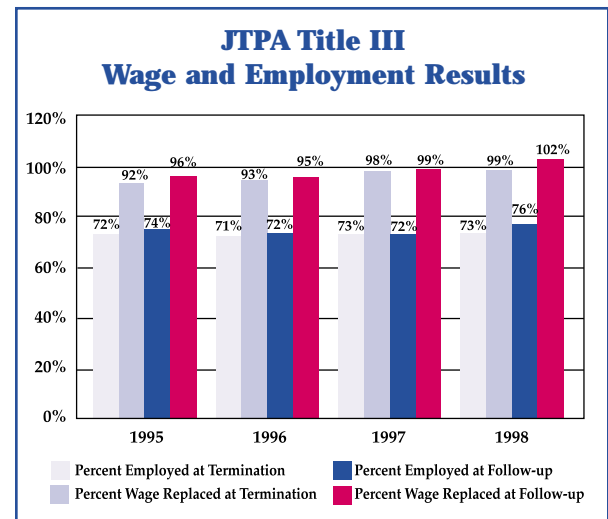
Strategies: A major program initiative to improve rapid response assistance began in Program Year 1998. Under DOL leadership, a national workgroup was created to put on a conference to disseminate effective practices. Themes included layoff aversion

strategies, meeting the challenge of dislocated workers from different cultures, and working with employers and organized labor. Another major effort involved strategies to respond promptly and effectively to employer-identified skill shortages. DOL also funded a major demonstration program aimed at responding to shortages in manufacturing industries.

As a prelude to the incumbent worker training authority that States have under the

Workforce Investment Act (WIA), DOL funded grants to upgrade skills of incumbent workers employed in low-skill jobs or with obsolete job skills. Also, 29 states received incumbent worker training system building grants. The main goals of these projects are to raise employer awareness of the value of incumbent worker training, identify appropriate linkages between the public workforce system and incumbent worker training activities, and to promote greater involvement by the public workforce system in such activities.

Goal Assessment and Future Plans: Measures and goals have been revised for Program Year 2000 to reflect the requirements of WIA. These measures and goals will focus on employment, employment retention in the third quarter after exit, and post-program earnings replacement. To obtain more timely information on progress toward attaining goals, ETA has proposed requirements for quarterly reporting by States and other job training grantees. ■



HELP TRADE-AFFECTED WORKERS FIND NEW JOBS

Goal 2.3B: 72 percent of terminees from the Trade Adjustment Assistance (TAA) and North American Free Trade Agreement – Transitional Adjustment Assistance (NAFTA – TAA) programs to be reemployed.

Results: FY 1999 was a year for gathering baseline data for TAA and NAFTA-TAA programs. Based on 5,917 complete and valid participant records submitted by 45 states (several states had difficulty implementing the new system) during FY 1999, the TAA/NAFTA-TAA reemployment rate was 74.7 percent.

Program Description: DOL's TAA and NAFTA-TAA programs provide readjustment services and benefits for workers whose dislocations are related to increased imports and foreign trade as well as shifts in production to Mexico or Canada. These services and benefits include occupational, on-the-job, and remedial training, job search assistance, relocation assistance, and income support for workers in approved training.

In FY 1999, \$94.3 million was provided to States for TAA training, job search and relocation. This funding was used to enroll an estimated 23,553 workers in classroom and on-the-job training; to provide job search assistance to an estimated 207 workers; and to provide relocation allowances to an estimated 429 workers. An additional \$36.9 million was provided for similar assistance under the NAFTA-TAA program, primarily to enroll an estimated 3,906 workers in classroom

and on-the-job training. Finally, \$225.6 million in Trade Readjustment Allowance benefits and \$19.3 million in NAFTA-TAA Readjustment Allowance benefits were provided to States in FY 1999.

Analysis of Results: The Department instituted new participant outcomes and a new performance measure reporting system during FY 1999. For the first time since its inception in 1974, the Division of Trade Adjustment Assistance (DTAA) is developing the ability to analyze demographic data on Trade Act participants, the benefits delivered to them, and the outcomes achieved by those who have finished their reemployment plans. Since there is no historical performance data at this time, no trend analysis is possible.

Goal Assessment and Future Plans: With the emerging availability of program data, the outcome goals for the program will be revised to focus on earnings replacement and longer-term employment. The outcome goals for FY 2000 State that 72 percent of program participants will be employed upon termination and will achieve at least 80 percent of their pre-separation wage. During FY 2000, DTAA will be revising its performance measures data system to make it congruent with the system used for the Dislocated Workers Services programs under the Workforce Investment Act. For FY 2001, the outcome goals and targets will be increased. The goal will provide that 73 percent of participants be employed by the first quarter after exit; and participants' total post-program earnings in the second and third quarters after exit represent 82 percent of their total pre-dislocation earnings in the second and third quarters prior to dislocation. ■